

117TH CONGRESS  
1ST SESSION

# H. R. 5786

To limit the sale and purchase of certain securities, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 28, 2021

Mr. PERRY (for himself, Mr. TIFFANY, Mr. STEUBE, Mr. DESJARLAIS, and Mr. MAST) introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committees on Financial Services, and Armed Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To limit the sale and purchase of certain securities, and  
for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Defund the People’s  
5       Liberation Army Act”.

6       **SEC. 2. COUNTERING CCP HUMAN RIGHTS ABUSERS ACT.**

7           (a) PROHIBITIONS ON CCP COMPANIES LISTED IN  
8       BOTH THE SECTION 1237 LIST AND THE SECTION 1260H  
9       LIST.—

1                             (1) PROHIBITION ON PURCHASE OR SALE OF  
2 CERTAIN SECURITIES.—Except as provided in para-  
3 graph (5) or paragraph (8)(B), a United States per-  
4 son is prohibited from purchasing or selling any—

5                             (A) publicly traded security issued by a  
6 covered entity;

7                             (B) publicly traded security that is deriva-  
8 tive of a publicly traded security issued by a  
9 covered entity; and

10                           (C) security that is designed to provide in-  
11 vestment exposure to a publicly traded security  
12 issued by a covered entity.

13                           (2) COVERED ENTITIES.—The term “covered  
14 entity” includes the following:

15                           (A) Any person that is a Communist Chi-  
16 nese military company and included on the list  
17 maintained by the Department of Defense in  
18 accordance with section 1237(b) of the Strom  
19 Thurmond National Defense Authorization Act  
20 for Fiscal Year 1999 (50 U.S.C. 1701 note) as  
21 of the date of the enactment of this Act.

22                           (B) Any person that was designated as a  
23 Communist Chinese military company on June  
24 2, 2021, in accordance with such section  
25 1237(b).

1                             (C) Any person that is a Chinese military  
2                             company or a military-civil fusion contributor  
3                             and included on the list maintained by the De-  
4                             partment of Defense in accordance with section  
5                             1260H(b) of the National Defense Authoriza-  
6                             tion Act for Fiscal Year 2021 (10 U.S.C. 113  
7                             note) as of the date of the enactment of this  
8                             Act.

9                             (3) APPLICABILITY.—

10                            (A) INITIAL APPLICABILITY.—If a person  
11                             qualifies as covered entity on the date of the en-  
12                             actment of this Act, the prohibitions under this  
13                             section shall apply to any purchase or sale that  
14                             occurs at or after 12:01 a.m. eastern daylight  
15                             time on the date that is 60 days after the date  
16                             of the enactment of this Act.

17                            (B) FUTURE ADDITIONS.—If a person  
18                             qualifies as covered entity after the date of the  
19                             enactment of this Act, the prohibitions under  
20                             this section shall apply to any purchase or sale  
21                             that occurs at or after 12:01 a.m. eastern day-  
22                             light time on the date that is 60 days after the  
23                             date on which the person qualifies as a covered  
24                             entity.

1                             (4) RULE OF APPLICATION.—The prohibitions  
2 under this subsection shall apply except to the ex-  
3 tent provided by statutes, or in any regulation,  
4 order, directive, or license that may be issued pursu-  
5 ant to this Act, and notwithstanding any contract  
6 entered into or any license granted before the date  
7 of enactment of this Act.

8                             (5) EXCEPTION WITH RESPECT TO DIVEST-  
9 MENT.—Notwithstanding paragraph (1), the pur-  
10 chase or sale of publicly traded securities otherwise  
11 prohibited by such paragraph that is made solely to  
12 affect the divestment, in whole or in part, of such  
13 securities by a United States person shall be per-  
14 mitted until—

15                             (A) 12:01 a.m. eastern daylight time on  
16 June 3, 2022, with respect to any person that  
17 qualifies as a covered entity on the date of the  
18 enactment of this Act; or

19                             (B) 12:01 a.m. eastern daylight time on  
20 the date that is 1 year after the date on which  
21 a person qualifies as a covered entity after the  
22 date of the enactment of this Act.

23                             (6) MAINTENANCE OF LISTS.—The Secretary of  
24 Defense is authorized to make additions or deletions  
25 to the lists described in paragraph (2) on an ongoing

1 basis based on the latest information available. The  
2 Secretary of Defense shall, concurrently with the  
3 publication of the lists in accordance with the appli-  
4 cable provisions of law, transmit a copy of such lists  
5 to the Secretary of State, the Secretary of the  
6 Treasury, and the Director of National Intelligence.

7 (7) EVASION OF PROHIBITION.—The following  
8 acts are prohibited:

9 (A) Any transactions by a United States  
10 person or within the United States that evade  
11 or avoid, or have the purpose of evading or  
12 avoiding, cause a violation of, or attempt to vio-  
13 late the prohibitions set forth in this section.

14 (B) Any conspiracy formed to violate any  
15 of the prohibition set forth in this Act.

16 (8) AUTHORIZATION FOR REGULATIONS AND  
17 PENALTIES.—

18 (A) IN GENERAL.—The Secretary of the  
19 Treasury, after consultation with the Secretary  
20 of State, the Secretary of Defense, the Director  
21 of National Intelligence, and the heads of other  
22 executive departments and agencies as deemed  
23 appropriate by the Secretary of the Treasury, is  
24 hereby authorized to take such actions, includ-  
25 ing the promulgation of rules and regulations,

1 and to employ all powers granted to the Presi-  
2 dent by the International Emergency Economic  
3 Powers Act, to carry out the purposes of this  
4 Act.

5 (B) REGULATIONS.—Rules and regulations  
6 issued pursuant to this section may, among  
7 other things, establish procedures to license  
8 transactions otherwise prohibited pursuant to  
9 this section if, prior to issuing any license  
10 under this section, the Secretary of the Treas-  
11 ury shall consult with the Secretary of State,  
12 the Secretary of Defense, and the Director of  
13 National Intelligence.

14 (C) PENALTIES.—The penalties provided  
15 for in subsections (b) and (c) of section 206 of  
16 the International Emergency Economic Powers  
17 Act (50 U.S.C. 1705) with respect to a person  
18 that knowingly violates, attempts to violate,  
19 conspires to violate, or causes a violation of reg-  
20 ulations promulgated under this paragraph or  
21 commits any acts described in paragraph (6) to  
22 the same extent that such penalties apply to a  
23 person that knowingly commits an unlawful act  
24 described in section 206(a) of that Act.

25 (b) LIMITATION ON JUDICIAL REVIEW.—

## 1                   (1) DECISIONS BY SECRETARY OF DEFENSE.—

2         The decision of the Secretary of Defense as to any  
3         question regarding the inclusion of a Communist  
4         Chinese military company, a Chinese military com-  
5         pany, or a military-civil fusion contributor on either  
6         of the lists described in subsection (a)(2) may not be  
7         reviewed by any official or by any court, whether by  
8         action in the nature of mandamus or otherwise.

9                   (2) RULES AND REGULATIONS PROMULGATED  
10         BY THE SECRETARY OF THE TREASURY.—The rules  
11         and regulations promulgated by the Secretary of the  
12         Treasury under subsection (a)(8) shall be final and  
13         not subject to any further agency review or to judi-  
14         cial review by any court (including under chapter 7  
15         of title 5, United States Code).

